HLS 16RS-1769 ENGROSSED

2016 Regular Session

1

HOUSE BILL NO. 1127

BY REPRESENTATIVE HOWARD

MOTOR VEHICLES: Provides relative to requirements of auto title companies

AN ACT

2 To amend and reenact R.S. 32:735(C) and (D) and 736(A), relative to auto title companies; 3 to provide relative to contracts between the Department of Public Safety and 4 Corrections, office of motor vehicles, and auto title companies; to provide relative 5 to fees charged to auto title companies; to provide relative to the surety bond 6 required of auto title companies; to extend contracts of auto title companies; and to 7 provide for related matters. 8 Be it enacted by the Legislature of Louisiana: 9 Section 1. R.S. 32:735(C) and (D) and 736(A) are hereby amended and reenacted 10 to read as follows: 11 §735. Auto title companies; licensing; regulation; fees, suspension, and revocation; 12 domicile; surety bonds; expiration and renewal dates 13 14 C. An annual A biennial fee of two hundred dollars four hundred dollars 15 shall be collected from a person seeking to contract with the department prior to the 16 person commencing to act as an auto title company as provided in this Section. The 17 contract and bond shall be valid for additional locations when such locations are 18 under the same ownership, management, and control as that of the authorized auto 19 title company. However, for the initial contract request and for each subsequent 20 contract request, the auto title company shall pay an additional fifty dollars one 21 hundred dollars for each additional location.

Page 1 of 4

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	D. Every contract between the department and an authorized auto title
2	company, authorized by this Section shall expire as of the first day of June two years
3	following the year in which such license was issued and may be automatically
4	renewed by the Department of Public Safety, office of motor vehicles. The
5	department may provide that contracts may be subject to automatic renewal by rule.
6	* * *
7	§736. Surety bond required; amount and conditions of surety bond; filing of bond
8	A. Each auto title company shall execute a good and sufficient surety bond
9	with a surety company qualified to do business in Louisiana as surety, in the sum of
10	ten thousand dollars one hundred thousand dollars should the auto title company
11	have only one location in this state and in a sum of one hundred twenty-five
12	thousand dollars should the auto title company have more than one location in this
13	state, if such surety bond is available for purchase. Such bond shall name the
14	Department of Public Safety and Corrections, office of motor vehicles as obligee and
15	shall be subject to the condition that, if the auto title company shall, throughout the
16	entire term of the bond, timely file with the office of motor vehicles all applications
17	delivered to the auto title company for filing, and timely remit all fees and taxes
18	collected, the obligation shall be void. If the company fails to meet the conditions
19	of the bond, the obligation of the surety shall remain in full force and effect. An auto
20	title company having multiple locations need furnish only a single twenty thousand
21	dollar surety bond.
22	* * *
23	Section 2. An auto title agent with an existing contract with the Department of
24	Public Safety and Corrections, office of motor vehicles, as of the effective date of this Act,
25	shall not be required to obtain a surety bond in the amounts required by R.S. 32:736(A) as
26	amended by this Act until the renewal date of the contract. Thereafter, all auto title
27	companies shall be required to obtain surety bonds in the amounts required by the provisions
28	of R.S. 32:736(A) as amended by this Act.

- 1 Section 3. A contract between an auto title company and the Department of Public
- 2 Safety and Corrections, office of motor vehicles, executed in 2016 but prior to the effective
- date of this Act shall be extended for one year without need for amendment of the contract
- 4 upon payment by the auto title company of a two hundred dollar fee for the company and
- 5 a fifty dollar fee for each additional auto title company location.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 1127 Engrossed

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Abstract: Increases the contract duration and surety requirements of auto title companies.

<u>Present law</u> defines "auto title company", in part, to mean "any person, firm, association, or corporation which is engaged primarily in the transfer and recordation of sales, leases, or mortgages of vehicles including but not limited to mobile homes, trailers, and motor vehicles."

Proposed law retains present law.

<u>Present law</u> authorizes auto title companies who have confected a contract with the Dept. of Public Safety and Corrections, office of motor vehicles, to issue temporary registrations in certain circumstances.

Proposed law retains present law.

<u>Present law</u> requires an annual fee of \$200 to be collected from a person seeking to contract with the Dept. of Public Safety and Corrections, office of motor vehicles, prior to the person commencing to act as an auto title company. Requires the auto title company to pay an additional \$50 for each additional location.

Proposed law changes the fee to \$400 biennially and \$100 for each additional location.

<u>Present law</u> requires every contract between Dept. of Public Safety and Corrections, office of motor vehicles, and an authorized auto title company, to expire the first day of June following the year in which such license was issued.

<u>Present law</u> requires every contract between Dept. of Public Safety and Corrections, office of motor vehicles, and an authorized auto title company, to expire the first day of June two years following the year in which such license was issued. Authorizes the department to automatically renew such license.

<u>Present law</u> requires each auto title company to execute a \$10,000 surety bond for one location and a \$20,000 surety bond for multiple locations.

<u>Proposed law</u> requires a \$100,000 surety bond for only one location and a \$125,000 surety bond for multiple locations.

<u>Proposed law</u> exempts auto title companies under contract on the effective date of the Act from the increased surety amounts until their contract renewal date.

Page 3 of 4

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<u>Proposed law</u> extends contracts executed prior to the effective date of the Act for one additional year without need for amendment to the contract upon payment of the required \$200 fee plus an additional \$50 fee for each additional location.

(Amends R.S. 32:735(C) and (D) and 736(A))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Transportation</u>, <u>Highways and Public Works</u> to the <u>original</u> bill:

- 1. Remove <u>proposed law</u> regarding making license plates available to auto title companies.
- 2. Remove <u>proposed law</u> regarding submission of documents to the Dept. of Public Safety and Corrections, office of motor vehicles, by auto title companies.
- 3. Remove changes to administrative rules regarding auto title contracts.
- 4. Make technical changes.